R.J. Reynolds Tobacco Company

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SENT VIA POUCH MAIL

April 23, 1996

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Subject: **MEETINGS WITH TOP CUSTOMERS**

Attached is an issues/opportunities worksheet developed by RJR/Walmart personnel. I feel this sheet helps establish the key issues and clearly points out next steps/who will do it (to include customer personnel) and timing.

I would recommend we utilize this format in the future to establish the clear understanding needed between us and key customers.

Sincerely,

Dave

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Attachment

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WAL*MART 1996					
ISSUES/OPPORTUNITIES	**OBJECTIVES**	**NEXT STEPS**	**WHO?**	**TIMING**	**RESULTS**
1. Education of store personnel on not selling tobacco to minors.	1. Institute "WE CARD" program in all stores	1. Ship kits to stores	Marty	Apr-96	
	2. Transmit information/rationale to associates	2. Satelite transmission	Beth/David	Apr-96	
	3. Be on cutting edge of this social issue by taking a proactive stance in enforcement of laws.	3. Quarterly update to Wal*mart on developments in the market.	Marty	each quarter	
	4. Look at longterm options, develop contingency plan for "Doomsday" approach to selling tobacco.	4. Develop "team" to review options, ie signage, merchandising, etc.	Beth, David, Marty	2nd qtr 1996	
	5. RJR reps followup on importance at store level.	5. Reps review program details with associates during calls.	RJR field sales	1996	
2. Taking care of everyday business.	6. Correct "comp pricing" problems in all markets. Reduce markdowns on cigarettes.	6. Create a task force of key players, buyer, distributor, manufacturers, store associates to rewrite guidelines.	Beth	2nd qtr 1996	
	7. Find alternatives to current buydown programs that are smarter/faster, less labor intensive.	7. Same team as above to find solutions.	Beth	2nd qtr 1996	
3. Education of store associates on the profitability of cigarettes, if managed.	8. Improve performance of category everyday, on brand mix, in-stocks, comp pricing issues.	8. Sales & profitability models presented to Regionals/Districts/Store Mgrs.	Marty, David, Beth	Apr-Jul 1996	
	9. Provide a perspective to Wal*Mart on where their "price sensitive" cigarette customers shop to assist in developing a consistent/manageable pricing strategy.	9. Shopper comparison research report, price surveys	Marty	Apr-96	
	10. Proactive stance on importance of promotional endcap profitability, consumer benefit.	10. Demonstrate promotion profitability with models, examples.	Marty,Beth	Apr-96	
	11. Contingency plan if no endcap.	11. Develop alternatives	Beth,David Marty	Jun-96	
4. Modular Analyzation	12. Maximize customer satisfaction.	12. Monitor "POS" replenishment system, RJR reps finetune brand mix, brand allocation on a store-by-store basis	RJR reps, Beth, Marty	May-Jun 1996	
	13. Maximize sales & profit return of category.	13. Make adjustment as soon as possible.	Wal*Mart, RJR	2nd qtr 1996	

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